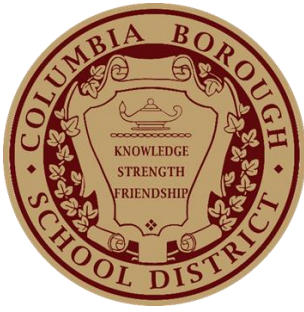




**Columbia Borough
School District
Columbia, Pennsylvania
Lancaster County**

Financial Statements
Year Ended June 30, 2021



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Philadelphia, PA 19103

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COLUMBIA BOROUGH SCHOOL DISTRICT

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COLUMBIA BOROUGH SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

**Board of School Directors
Columbia Borough School District
Columbia, Pennsylvania**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbia Borough School District, Columbia, Pennsylvania as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Columbia Borough School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbia Borough School District, Columbia, Pennsylvania as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As described in Note 13 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 84, "Fiduciary Activities". Our opinions are not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the Columbia Borough School District's 2020 financial statements, and our report dated January 21, 2021 expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the District's proportionate share of the net pension liability-PSERS and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the OPEB liability-PSERS and OPEB plan contributions-PSERS on pages 3 through 13 and 49 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Columbia Borough School District's basic financial statements. The schedule of expenditures of federal awards and certain state grants is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards and certain state grants is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and certain state grants is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2022, on our consideration of Columbia Borough School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbia Borough School District's internal control over financial reporting and compliance.

BBD, LLP

**Philadelphia, Pennsylvania
March 8, 2022**

COLUMBIA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

Management's discussion and analysis ("**MD&A**") of the financial performance of Columbia Borough School District (the "**District**") provides an overview of the District's financial performance for fiscal year ended June 30, 2021. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

DISTRICT PROFILE

The District consists of one elementary school, two middle schools, a high school and an online virtual academy consisting of approximately 1,262 students. The District, whose boundaries are coterminous with Columbia Borough, encompasses 2.7 square miles on the east bank of the Susquehanna River midway between the Cities of York and Lancaster. During 2020-2021, there were 159 employees in the District, including 121 teachers and administrators, and 38 support personnel including secretaries, maintenance staff, food service workers and teachers' aides.

The mission of the District is to provide a learning environment for each student to fulfill his/her highest academic potential. The District, in partnership with the community, will prepare each student to become an independent, life-long learner and a responsible, caring citizen.

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business type activities, the liabilities and deferred inflows of resources of the District exceeded the assets and deferred outflows of resources resulting in a deficit in total net position at the close of the 2020-2021 fiscal year of \$2,825,095. During the 2020-2021 fiscal year, the District had an increase in total net position of \$3,625,825. The net position of governmental activities increased by \$3,654,303 and the net position of the business-type activities decreased by \$1,478.
- The General Fund reported an increase in fund balance of \$90,791, bringing the cumulative balance to \$4,784,370 at the conclusion of the 2020-2021 fiscal year.
- At June 30, 2021, the General Fund fund balance includes \$1,000,000 committed to retirement rate stabilization, \$1,495,579 committed to balance future budgets, \$90,790 committed to future technology initiatives and unassigned amounts of \$2,198,001 or 6.87% of the \$31,981,922 2021-2022 General Fund expenditure budget. This is in compliance with guidelines prescribed by the Pennsylvania Department of Education which allows a school district to maintain an unassigned maximum General Fund fund balance of 8% of the following year's expenditure budget.
- Actual revenues and other financing sources were \$1,037,329 more than budgeted amounts and actual expenditures and other financing uses were \$98,393 less than budgeted amounts resulting in a net overall positive variance of \$1,135,722.
- In December 2019, an outbreak of a novel strain of coronavirus ("**COVID-19**") was identified and has since spread worldwide including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. As a result, the District experienced disruptions and operated under virtual, hybrid and in-person learning models during 2020-2021 as conditions permitted.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

COLUMBIA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position (Deficit)* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental Activities

Most of the District's basic services are included here, such as regular and special education, support services, maintenance, transportation and administration.

Business-Type Activities

The District charges fees to cover the costs of its food services program.

The government-wide financial statements can be found on Pages 14 and 15 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Most of the District's activities are included in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

COLUMBIA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

The District maintains two major individual governmental funds. Information is presented separately in the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* for each of the major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on Pages 16 through 19 of this report.

Proprietary Funds

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses its internal service fund to account for the District's self-funded healthcare program. Because an internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate financial information for its major fund and internal service fund. The proprietary fund financial statements can be found on Pages 20 through 22 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, consisting of scholarship and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The fiduciary fund financial statements can be found on Pages 23 and 24 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The notes to the financial statements can be found on Pages 25 through 48 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the general fund, schedules of the District's proportionate share of the net pension liability-PSERS and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability-PSERS and OPEB plan contributions-PSERS.

The required supplementary information can be found on Pages 49 through 54 of this report.

COLUMBIA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2020-2021 fiscal year the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,825,095. The following table presents condensed information for the *Statement of Net Position (Deficit)* of the District at June 30, 2021 and 2020.

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current assets	\$ 16,278,799	\$ 13,814,998	\$ 489,356	\$ 531,789	\$ 16,768,155	\$ 14,346,787
Noncurrent assets	<u>28,099,967</u>	<u>29,210,161</u>	<u>112,722</u>	<u>92,407</u>	<u>28,212,689</u>	<u>29,302,568</u>
Total assets	<u>44,378,766</u>	<u>43,025,159</u>	<u>602,078</u>	<u>624,196</u>	<u>44,980,844</u>	<u>43,649,355</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>5,267,206</u>	<u>4,254,573</u>	<u>160,887</u>	<u>120,966</u>	<u>5,428,093</u>	<u>4,375,539</u>
LIABILITIES						
Current liabilities	3,874,522	4,310,764	8,994	8,715	3,883,516	4,319,479
Noncurrent liabilities	<u>47,181,410</u>	<u>47,185,937</u>	<u>963,995</u>	<u>919,067</u>	<u>48,145,405</u>	<u>48,105,004</u>
Total liabilities	<u>51,055,932</u>	<u>51,496,701</u>	<u>972,989</u>	<u>927,782</u>	<u>52,028,921</u>	<u>52,424,483</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,169,090</u>	<u>2,016,384</u>	<u>36,021</u>	<u>61,947</u>	<u>1,205,111</u>	<u>2,078,331</u>
NET POSITION (DEFICIT)						
Net investment in capital assets	13,959,198	12,921,674	112,722	92,407	14,071,920	13,014,081
Restricted	4,260,832	1,726,149	-	-	4,260,832	1,726,149
Unrestricted (deficit)	<u>(20,799,080)</u>	<u>(20,881,176)</u>	<u>(358,767)</u>	<u>(336,974)</u>	<u>(21,157,847)</u>	<u>(21,218,150)</u>
Total net position (deficit)	<u>\$ (2,579,050)</u>	<u>\$ (6,233,353)</u>	<u>\$ (246,045)</u>	<u>\$ (244,567)</u>	<u>\$ 2,825,095)</u>	<u>\$ (6,477,920)</u>

The District's total assets as of June 30, 2021 were \$44,980,844 of which \$14,228,136 or 31.63% consisted of cash and \$28,212,689 or 62.72% consisted of the District's investment in capital assets. The District's total liabilities as of June 30, 2021 were \$52,028,921 of which \$14,179,089 or 27.25% consisted of general obligation debt used to acquire and construct capital assets and \$28,838,844 or 57.35% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of \$21,157,847 at June 30, 2021. The District's unrestricted net position increased by \$60,303 during 2020-2021 primarily due to the current year results of operations.

A portion of the District's net position reflects its restricted net position which totaled \$4,260,832 as of June 30, 2021. All of the District's restricted net position related to amounts restricted for capital expenditures.

Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2021, the District's net investment in capital assets, increased by \$1,057,839 because the debt used to acquire the capital assets was being repaid faster than the capital assets were being depreciated and capital assets were acquired with funding sources other than long-term debt.

COLUMBIA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

The following table presents condensed information for the *Statement of Activities* of the District for 2021 and 2020:

	Governmental Activities		Business-Type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
REVENUES						
Program revenues						
Charges for services	\$ 95,792	\$ 74,013	\$ 13,409	\$ 88,492	\$ 109,201	\$ 162,505
Operating grants and contributions	7,842,082	6,997,181	639,076	768,432	8,481,158	7,765,613
Capital grants and contributions	-	-	-	25,281	-	25,281
General revenues						
Property taxes levied for general purposes	10,568,647	10,523,791	-	-	10,568,647	10,523,791
Earned income taxes levied for general purposes	971,047	968,541	-	-	971,047	968,541
Other taxes	362,377	208,481	-	-	362,377	208,481
Grants and entitlements not restricted to specific programs	8,043,573	8,043,509	-	-	8,043,573	8,043,509
Investment earnings	<u>11,314</u>	<u>119,970</u>	<u>40</u>	<u>5,952</u>	<u>11,354</u>	<u>125,922</u>
Total revenues	<u>27,894,832</u>	<u>26,935,486</u>	<u>652,525</u>	<u>888,157</u>	<u>28,547,357</u>	<u>27,823,643</u>
EXPENSES						
Instruction	16,370,641	15,496,277	-	-	16,370,641	15,496,277
Instructional student support services	2,334,436	2,144,737	-	-	2,334,436	2,144,737
Administrative and financial support services	2,473,338	1,996,790	-	-	2,473,338	1,996,790
Operation and maintenance of plant services	2,031,548	1,729,597	-	-	2,031,548	1,729,597
Pupil transportation	345,001	390,559	-	-	345,001	390,559
Student activities	320,470	291,686	-	-	320,470	291,686
Community services	23,341	14,169	-	-	23,341	14,169
Interest and amortization expense related to non-current liabilities	341,517	800,599	-	-	341,517	800,599
Food service	<u>-</u>	<u>-</u>	<u>654,240</u>	<u>865,791</u>	<u>654,240</u>	<u>865,791</u>
Total expenses	<u>24,240,292</u>	<u>22,864,414</u>	<u>654,240</u>	<u>865,791</u>	<u>24,894,532</u>	<u>23,730,205</u>
Change in net position (deficit) before transfers	3,654,540	4,071,072	(1,715)	22,366	3,652,825	4,093,438
TRANSFERS	<u>(237)</u>	<u>(242)</u>	<u>237</u>	<u>242</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>\$ 3,654,303</u>	<u>\$ 4,070,830</u>	<u>\$ (1,478)</u>	<u>\$ 22,608</u>	<u>\$ 3,652,825</u>	<u>\$ 4,093,438</u>

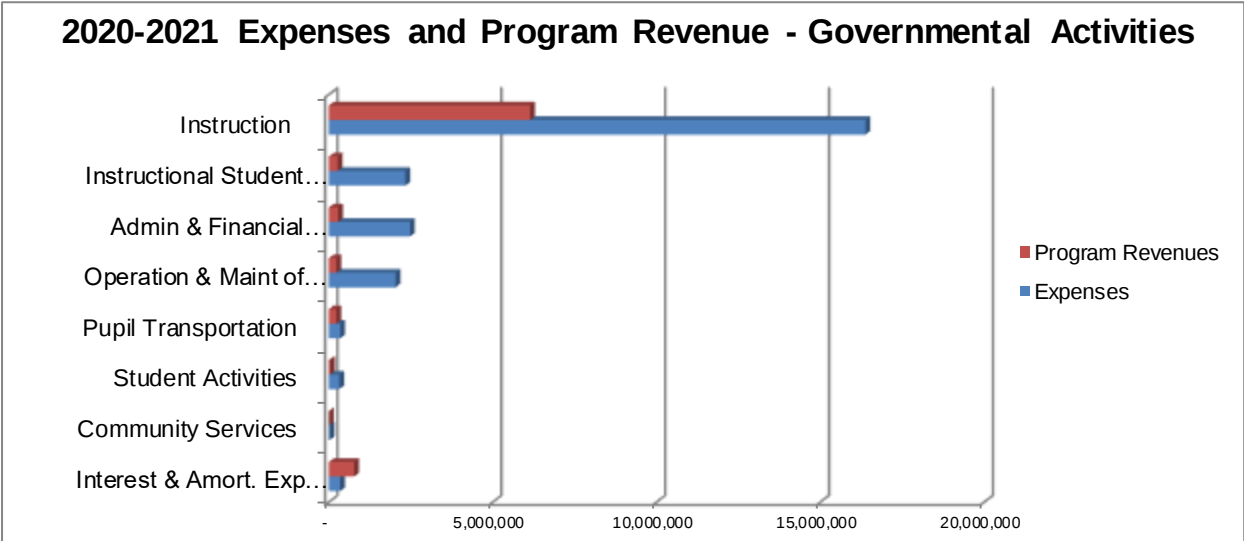
Overall, the District's financial position has been improving but challenges such as increased medical costs, pension contributions, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. A majority of the District's property tax base is in the form of residential housing whose growth has slowed in recent years. Although the District is primarily a residential community, the District also has a property tax base derived from commercial facilities.

COLUMBIA BOROUGH SCHOOL DISTRICT

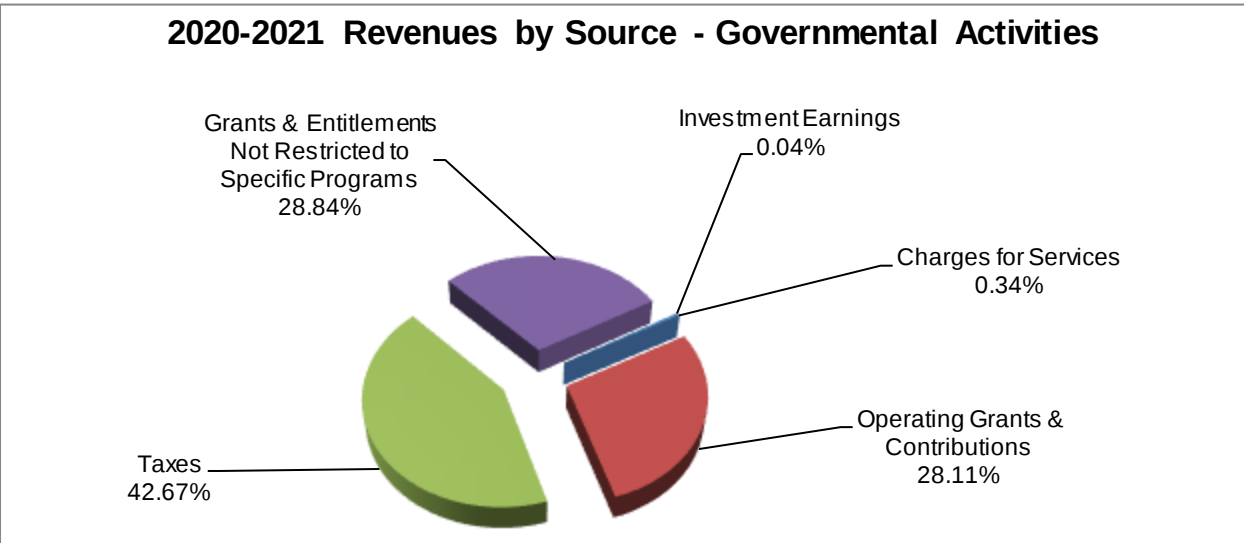
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

The *Statement of Activities* provides detail that focuses on how the District finances its services. The *Statement of Activities* compares the costs of the District functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the District's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.



To the degree that the District's functions or programs cost more than they raise, the *Statement of Activities* shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on tax revenues to finance its governmental activities.



COLUMBIA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

GOVERNMENTAL FUNDS

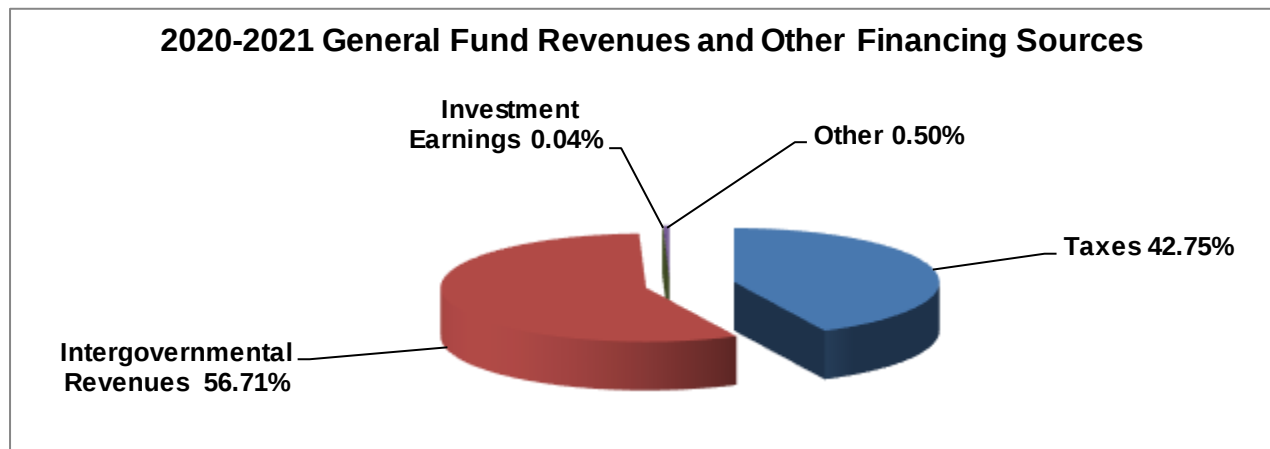
The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2021, the District's governmental funds reported a combined fund balance of \$9,045,202 which is an increase of \$2,625,474 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2021 and 2020 and the total 2021 change in governmental fund balances.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
General Fund	\$4,784,370	\$4,693,579	\$ 90,791
Capital Projects Fund	<u>4,260,832</u>	<u>1,726,149</u>	<u>2,534,683</u>
	<u>\$9,045,202</u>	<u>\$6,419,728</u>	<u>\$2,625,474</u>

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2020-2021 fiscal year, the General Fund fund balance was \$4,784,370 an increase of \$90,791 in relation to the prior year. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2020-2021 fiscal year.

The District's reliance upon intergovernmental revenues is demonstrated by the graph below that indicates 56.71% of General Fund revenues are derived from government grants and subsidies.



General Fund Revenues and Other Financing Sources

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Tax revenues	\$11,943,422	\$11,706,763	\$ 236,659	2.02
Intergovernmental revenues	15,843,621	14,999,188	844,433	5.63
Investment earnings	11,171	110,549	(99,378)	(89.89)
Other	<u>140,194</u>	<u>115,626</u>	<u>24,568</u>	<u>21.25</u>
	<u>\$27,938,408</u>	<u>\$26,932,126</u>	<u>\$1,006,282</u>	<u>3.74</u>

COLUMBIA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

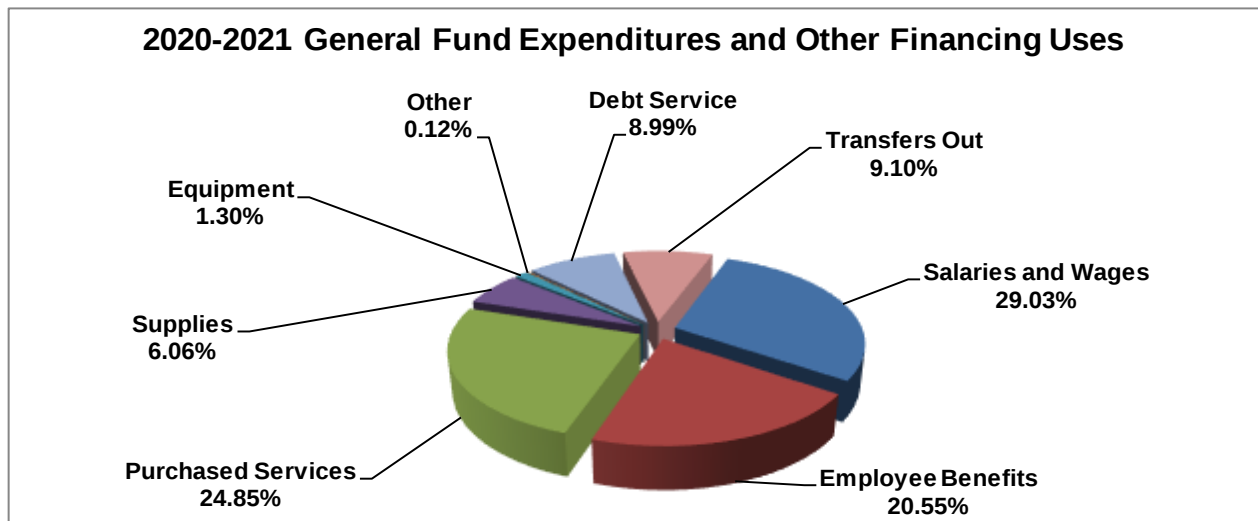
June 30, 2021

Net tax revenues increased by \$236,659 or 2.02% due to several factors. Increase in the collection rate on real estate taxes and collection of realty transfer taxes accounted for most of the increase. The following table summarizes the changes in the District's tax revenues for 2021 compared to 2020:

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Real estate tax	\$10,044,263	\$ 9,879,696	\$164,567	1.67
Interim real estate tax	14,750	42,113	(27,363)	(64.98)
PURTA tax	11,175	10,256	919	8.96
PILOT tax	19,385	21,053	(1,668)	(7.92)
Per capita tax	-	15	(15)	(100.00)
Local services tax	11,863	12,474	(611)	(4.90)
Earned income tax	971,047	968,541	2,506	0.26
Realty transfer tax	331,129	174,939	156,190	89.28
Delinquent tax	<u>539,810</u>	<u>597,676</u>	<u>(57,866)</u>	<u>(9.68)</u>
	<u>\$11,943,422</u>	<u>\$11,706,763</u>	<u>\$236,659</u>	<u>2.02</u>

Intergovernmental revenues increased primarily due to additional pass-through funding from the Federal government in received in response to the impact of COVID-19.

As the graph below illustrates, the largest portion of General Fund expenditures are for salaries and benefits. The District is an educational service entity and as such is labor intensive.



General Fund Expenditures and Other Financing Uses

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$ 8,084,893	\$ 8,376,921	\$ (292,028)	(3.49)
Employee benefits	5,721,291	6,428,952	(707,661)	(11.01)
Purchased services	6,920,544	5,998,237	922,307	15.38
Supplies	1,688,912	1,038,160	650,752	62.68
Equipment	361,210	234,378	126,832	54.11
Other	32,785	71,295	(38,510)	(54.02)
Debt service	2,503,205	2,332,894	170,311	7.30
Transfers out	<u>2,534,777</u>	<u>292,803</u>	<u>2,241,974</u>	<u>765.69</u>
	<u>\$27,847,617</u>	<u>\$24,773,640</u>	<u>\$3,073,977</u>	<u>12.41</u>

COLUMBIA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

Salaries and wages decreased by \$292,028 or 3.49% in 2020-2021 compared to 2019-2020 as a result of vacant positions remaining unfilled due to COVID-19.

Employee benefits decreased by \$707,661 or 11.01% in 2020-2021 compared to 2019-2020 primarily due to a decrease in self-insurance health care costs.

Purchased services increased by \$922,307 or 15.38% in 2020-2021 compared to 2019-2020 primarily related to an increase in outside cyber school costs due to students pursuing alternative educational models during COVID-19.

Supplies increased by \$650,752 or 62.68% due to costs incurred associated with supply and technology purchases in response to COVID-19, which were in part funded with pass-through grants from the Federal government.

Transfers out in 2020-2021 and 2019-2020 represent transfers to the Capital Projects Fund to subsidize capital expenditures from savings as a result of current operations and refunding of general obligation debt.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2020-2021, the Capital Projects Fund reported an increase in fund balance of \$2,534,683 due to transfers from the General Fund in excess of amounts expended for capital expenditures. The remaining fund balance of \$4,360,832 as of June 30, 2021 is restricted for future capital expenditures.

GENERAL FUND BUDGET INFORMATION

Actual revenues and other financing sources were \$1,037,329 more than budgeted amounts and actual expenditures and other financing uses were \$98,393 less than budgeted amounts resulting in a net overall positive variance of \$1,135,722. Major budgetary highlights for 2020-2021 were as follows:

- Actual local revenues received were \$953,606 more than budgeted amounts primarily due to more than anticipated current real estate tax and real estate transfer tax collections.
- Actual federal revenues received were \$259,323 more than budgeted amounts primarily due to additional funds from the Federal Government in response to the impact of COVID-19.
- Final budgeted expenditures were less than original budgeted expenditures by \$1,727,354 primarily due to disruptions in in-person learning caused by COVID-19 and a reduction in related expenditures. Budget transfer was made to transfer original budgeted amounts not expended plus the budgetary reserve that was not expended in the amount of \$807,423 to a capital projects transfer in the amount of \$2,534,777.

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2020-2021, the net position of the business-type activities and Food Service Fund decreased by \$1,478. As of June 30, 2021, the business-type activities and Food Service Fund had a deficit in net position of \$246,045.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounted to \$28,212,689 net of accumulated depreciation. This investment in capital assets includes land and improvements, buildings and improvements and furniture and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$1,089,879 or 3.72%. The decrease was the result of current year depreciation expense in excess of current capital additions.

Current year depreciation expense and the net book value of disposed of capital assets was \$1,341,085 and capital expenditures were \$251,206.

COLUMBIA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of \$14,179,089 consisting of \$13,680,000 in bonds payable and net deferred credits of \$499,089. The entire amount is backed by the full faith and credit of the District. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The District's general obligation debt decreased by \$2,162,089 or 13.23% during the fiscal year.

The District maintains an A+ stable rating from Standard and Poor's.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The current debt limitation for the District is \$59,206,607 which exceeds the District's outstanding general obligation debt as of June 30, 2021.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employee Retirement System ("**PSERS**"). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$29,838,844 as of June 30, 2021. The District's net pension liability increased by \$2,237,106 or 8.10% during the fiscal year.

The District reports a liability for its other post-employment benefits ("**OPEB**") related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled \$3,982,512 as of June 30, 2021. The District's OPEB liability decreased by \$32,465 or 0.81% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for compensated absences, which totaled \$144,960 as of June 30, 2021. This liability decreased by \$2,151 or 1.46% during the fiscal year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

On June 27, 2006, the Pennsylvania legislature passed Act 1 of Special Session 2006, entitled the "Taxpayer Relief Act" (hereinafter "**Act 1**"). Act 1 requires school districts to limit tax increases to the level set by an inflation index unless the tax increase is approved by voters in a referendum or the school district obtains approval from the Department of Education for certain referendum exceptions. The established inflation index is adjusted for certain schools based on low wealth factors. The District's adjusted index for 2021-2022 is 4.50%.

Referendum exceptions are built into Act 1 should a district need to raise taxes beyond the new inflationary index cap. The exception categories provide partial relief for increases in the cost of special education, retirement expenses, and some school construction projects in the form of allowing property tax increases over the index.

The District adopted a balanced 2021-2022 budget totaling \$31,981,922, which does not include a tax increase. The 2021-2022 budget utilizes \$2,586,369 of committed fund balance, helping to reduce the tax burden on District residents as well as offsetting projected local revenue decreases and increases in expenditures for in person and online learning as well as the health and safety measures needed to be implemented due to the impact of COVID-19.

For the 2022-2023 budget year, the adjusted index is 5.10% for the District. At the December 9, 2021 Board Meeting, the District adopted a resolution to not exceed the adjusted index.

COLUMBIA BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

In addition to meeting Pennsylvania Academic Standards for school districts, there is the additional challenge of Every Student Succeeds Act ("**ESSA**") mandate imposed by the Federal government. This legislation replaced the No Child Left Behind ("**NCLB**") and has far-reaching requirements on academic performance, adequate yearly progress, teacher qualifications and training, disaggregation of student achievement data, and extensive reporting to the community. It will require a continued, and possibly greater, emphasis on investment in technology, staff development, and communication to comply with the requirements of ESSA.

Many school districts face the common problem of escalating costs for employee benefits, particularly the retirement expenses of the Public School Employees' Retirement System ("**PSERS**") system and, as in the case for our District, self-insured medical costs. Both of these costs are set by outside influences and, therefore, are not discretionary costs that can be controlled by District management.

Market performance of the invested PSERS funds have resulted in estimated increases that will affect our employer contributions for years to come. While the actual effect of the current market has yet to be determined, higher employer costs in the short term and dramatically higher rates in the future are being planned for by the District through the use of a committed fund balance integrated with millage increases. This condition continues to have an alarming effect on school district budgeting across the Commonwealth. The portion of funds committed in the District's fund balance to be used to contain the projected increases in the employer share of PSERS will not be enough to alleviate the problem, but it will allow the District to prudently plan for any potential changes.

The costs of medical benefits will continue to have an effect on the District budget, as the District continues to offer a competitive benefits package to employees through the District's self-insured plan. The District continues to implement various strategies to lower the pace of medical inflation. The current collective bargaining agreement, which expires June 30, 2023, will continue to provide some relief to these costs through a Qualified High Deductible Health Plan that is combined with a Health Savings Account.

In conclusion, the District has committed itself to financial and educational excellence for the future. The District's systems of budgeting and internal controls are well regarded and consistently followed. Continued diligence in all financial matters will be a key component of continued financial performance well into the future.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief of Finance and Operations, Columbia Borough School District, 200 N. Fifth Street, Columbia, PA 17512.

COLUMBIA BOROUGH SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2021 with summarized comparative totals for 2020

	Governmental	Business-type	Totals	
	Activities	Activities	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 13,807,037	\$ 421,099	\$ 14,228,136	\$ 11,823,195
Taxes receivable	713,480	-	713,480	643,609
Due from other governments	1,705,349	14,002	1,719,351	1,740,798
Internal balances	(35,922)	35,922	-	-
Other receivables	74,813	1,224	76,037	103,934
Prepaid expenses	14,042	-	14,042	18,189
Inventories	-	17,109	17,109	17,062
Total current assets	16,278,799	489,356	16,768,155	14,346,787
NONCURRENT ASSETS				
Capital assets, net	28,099,967	112,722	28,212,689	29,302,568
Total assets	44,378,766	602,078	44,980,844	43,649,355
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on debt refunding	38,320	-	38,320	52,691
Deferred charges on proportionate share of pension - PSERS	4,859,852	155,198	5,015,050	3,701,139
Deferred charges OPEB - single employer	190,885	-	190,885	475,789
Deferred charges on proportionate share of OPEB - PSERS	178,149	5,689	183,838	145,920
Total deferred outflows of resources	5,267,206	160,887	5,428,093	4,375,539
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable	1,049,215	-	1,049,215	802,792
Accrued salaries, payroll withholdings and benefits	2,461,129	116	2,461,245	3,154,232
Accrued interest payable	80,840	-	80,840	100,274
Unearned revenues	223,307	8,878	232,185	202,113
Other liabilities	60,031	-	60,031	60,068
Total current liabilities	3,874,522	8,994	3,883,516	4,319,479
NONCURRENT LIABILITIES				
Due within one year	2,353,955	-	2,353,955	2,185,206
Due in more than one year	44,827,455	963,995	45,791,450	45,919,798
Total noncurrent liabilities	47,181,410	963,995	48,145,405	48,105,004
Total liabilities	51,055,932	972,989	52,028,921	52,424,483
DEFERRED INFLOWS OF RESOURCES				
Deferred credits on proportionate share of pension - PSERS	1,061,114	33,886	1,095,000	1,937,000
Deferred credits on proportionate share of OPEB - single employer	41,111	-	41,111	54,331
Deferred credits on proportionate share of OPEB - PSERS	66,865	2,135	69,000	87,000
Total deferred inflows of resources	1,169,090	36,021	1,205,111	2,078,331
NET POSITION (DEFICIT)				
Net investment in capital assets	13,959,198	112,722	14,071,920	13,014,081
Restricted	4,260,832	-	4,260,832	1,726,149
Unrestricted (deficit)	(20,799,080)	(358,767)	(21,157,847)	(21,218,150)
Total net position (deficit)	\$ (2,579,050)	\$ (246,045)	\$ (2,825,095)	\$ (6,477,920)

See accompanying notes

COLUMBIA BOROUGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2021 with summarized comparative totals for 2020

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position (Deficit)</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	
							<u>2021</u>	<u>2020</u>
GOVERNMENTAL ACTIVITIES								
Instruction	\$ 16,370,641	\$ 74,668	\$ 6,061,914	\$ -	\$ (10,234,059)	\$ -	\$ (10,234,059)	\$ (10,244,637)
Instructional student support	2,334,436	-	265,828	-	(2,068,608)	-	(2,068,608)	(1,859,649)
Administrative and financial support services	2,473,338	-	279,451	-	(2,193,887)	-	(2,193,887)	(1,737,491)
Operation and maintenance of plant services	2,031,548	16,080	208,666	-	(1,806,802)	-	(1,806,802)	(1,515,261)
Pupil transportation	345,001	-	226,837	-	(118,164)	-	(118,164)	(90,264)
Student activities	320,470	5,044	32,549	-	(282,877)	-	(282,877)	(240,757)
Community services	23,341	-	-	-	(23,341)	-	(23,341)	(14,169)
Interest and amortization expense related to noncurrent liabilities	341,517	-	766,837	-	425,320	-	425,320	(90,992)
Total governmental activities	<u>24,240,292</u>	<u>95,792</u>	<u>7,842,082</u>	<u>-</u>	<u>(16,302,418)</u>	<u>-</u>	<u>(16,302,418)</u>	<u>(15,793,220)</u>
BUSINESS-TYPE ACTIVITIES								
Food service	654,240	13,409	639,076	-	-	(1,755)	(1,755)	16,414
Total primary government	<u>\$ 24,894,532</u>	<u>\$ 109,201</u>	<u>\$ 8,481,158</u>	<u>\$ -</u>	<u>(16,302,418)</u>	<u>(1,755)</u>	<u>(16,304,173)</u>	<u>(15,776,806)</u>
GENERAL REVENUES								
Property taxes levied for general purposes					10,568,647	-	10,568,647	10,523,791
Earned income taxes levied for general purposes					971,047	-	971,047	968,541
Other taxes					362,377	-	362,377	208,481
Grants and entitlements not restricted to specific programs					8,043,573	-	8,043,573	8,043,509
Investment earnings					11,314	40	11,354	125,922
TRANSFERS					(237)	237	-	-
Total general revenues and transfers					<u>19,956,721</u>	<u>277</u>	<u>19,956,998</u>	<u>19,870,244</u>
CHANGE IN NET POSITION (DEFICIT)					3,654,303	(1,478)	3,652,825	4,093,438
NET POSITION (DEFICIT)								
Beginning of year					(6,233,353)	(244,567)	(6,477,920)	(10,571,358)
End of year					<u>\$ (2,579,050)</u>	<u>\$ (246,045)</u>	<u>\$ (2,825,095)</u>	<u>\$ (6,477,920)</u>

See accompanying notes

COLUMBIA BOROUGH SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021 with summarized comparative totals for 2020

	Major Funds		Totals	
	General Fund	Capital Projects Fund	2021	2020
ASSETS				
Cash	\$ 9,195,713	\$ 1,726,292	\$ 10,922,005	\$ 9,601,564
Taxes receivable	713,480	-	713,480	643,609
Due from other funds	-	2,534,540	2,534,540	299,941
Due from other governments	1,705,349	-	1,705,349	1,740,798
Other receivables	16,827	-	16,827	22,722
Total assets	\$ 11,631,369	\$ 4,260,832	\$ 15,892,201	\$ 12,308,634
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,048,340	\$ -	\$ 1,048,340	\$ 801,677
Due to other funds	2,895,697	-	2,895,697	1,468,154
Accrued salaries, payroll withholdings and benefits	2,316,675	-	2,316,675	3,020,194
Unearned revenues	223,307	-	223,307	194,513
Other liabilities	60,031	-	60,031	60,068
Total liabilities	6,544,050	-	6,544,050	5,544,606
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property and per capita taxes	302,949	-	302,949	344,300
FUND BALANCES				
Restricted for				
Capital projects	-	4,260,832	4,260,832	1,726,149
Committed to				
Retirement rate stabilization	1,000,000	-	1,000,000	1,000,000
Technology	90,790	-	90,790	-
Balance future budgets	1,495,579	-	1,495,579	-
Assigned to				
Balance future budgets	-	-	-	1,495,579
Unassigned	2,198,001	-	2,198,001	2,198,000
Total fund balances	4,784,370	4,260,832	9,045,202	6,419,728
Total liabilities, deferred inflows of resources and fund balances	\$ 11,631,369	\$ 4,260,832	\$ 15,892,201	\$ 12,308,634

See accompanying notes

COLUMBIA BOROUGH SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2021

TOTAL GOVERNMENTAL FUND BALANCES	\$ 9,045,202
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	28,099,967
Deferred amounts on debt refunding and bond insurance costs are currently expended in the governmental funds, whereas they are reported as deferred outflows of resources and prepaid expenses and amortized over the life of the respective debt in the governmental activities.	52,362
Deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	4,059,796
Some of the District's property and per capita taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.	302,949
The Internal Service Fund is used by management to charge the cost of health insurance claims to the General Fund. The assets and liabilities of the District's Internal Service Fund are included in the governmental activities on the government-wide statement of net position (deficit).	3,122,924
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(47,181,410)
Accrued interest payable on long-term liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	<u>(80,840)</u>
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (2,579,050)</u>

COLUMBIA BOROUGH SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2021 with summarized comparative totals for 2020

	Major Funds		Totals	
	General	Capital	2021	2020
	Fund	Projects Fund		
REVENUES				
Local sources	\$ 12,094,787	\$ 143	\$ 12,094,930	\$ 11,942,359
State sources	13,659,711	-	13,659,711	13,705,476
Federal sources	2,183,910	-	2,183,910	1,293,712
Total revenues	<u>27,938,408</u>	<u>143</u>	<u>27,938,551</u>	<u>26,941,547</u>
EXPENDITURES				
Current				
Instruction	15,413,849	-	15,413,849	15,321,625
Support services	7,068,419	-	7,068,419	6,782,833
Operation of noninstructional services	321,251	-	321,251	291,198
Facilities acquisition, construction and improvement services	4,799	-	4,799	-
Debt service	2,503,205	-	2,503,205	2,332,894
Total expenditures	<u>25,311,523</u>	<u>-</u>	<u>25,311,523</u>	<u>24,728,550</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,626,885</u>	<u>143</u>	<u>2,627,028</u>	<u>2,212,997</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt - refunding	-	-	-	17,090,000
Payment of debt - refunding	-	-	-	(17,622,421)
Bond premium	-	-	-	821,200
Refund of prior year receipts	(1,317)	-	(1,317)	(41,066)
Transfers in	-	2,534,540	2,534,540	292,561
Transfers out	(2,534,777)	-	(2,534,777)	(292,803)
Total other financing sources (uses)	<u>(2,536,094)</u>	<u>2,534,540</u>	<u>(1,554)</u>	<u>247,471</u>
NET CHANGE IN FUND BALANCES	90,791	2,534,683	2,625,474	2,460,468
FUND BALANCES				
Beginning of year	<u>4,693,579</u>	<u>1,726,149</u>	<u>6,419,728</u>	<u>3,959,260</u>
End of year	<u>\$ 4,784,370</u>	<u>\$ 4,260,832</u>	<u>\$ 9,045,202</u>	<u>\$ 6,419,728</u>

See accompanying notes

COLUMBIA BOROUGH SCHOOL DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES

Year ended June 30, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 2,625,474
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and net book value of disposed assets exceeded capital outlays in the current period.

Capital outlay expenditures	\$ 220,227	
Net book value of disposed capital assets	(332)	
Depreciation expense	<u>(1,330,089)</u>	(1,110,194)

Because some property and per capita taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount in the current period.

Deferred inflows of resources June 30, 2020	(344,300)	
Deferred inflows of resources June 30, 2021	<u>302,949</u>	(41,351)

The Internal Service Fund is used by management to charge the cost of health insurance and unemployment premiums and claims to the General Fund. The change in net position of the Internal Service Fund is reported with the governmental activities.

300,633

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of bonds and notes payable	2,045,000	
Amortization of discounts, premiums and deferred amounts on refunding	<u>98,571</u>	2,143,571

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures on governmental funds.

Current year change in accrued interest payable	19,434	
Current year change in compensated absences	2,151	
Current year change in net pension liability - PSERS and deferred outflows and inflows	(99,498)	
Current year change in OPEB liability - single employer and deferred outflows and inflows	(182,513)	
Current year change in net OPEB liability - PSERS and deferred outflows and inflows	<u>(3,404)</u>	<u>(263,830)</u>

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES		<u>\$ 3,654,303</u>
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See accompanying notes

COLUMBIA BOROUGH SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT) - PROPRIETARY FUNDS

June 30, 2021 with summarized comparative totals for 2020

	Major Fund Food Service Fund	Internal Service Fund	Totals	
			2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 421,099	\$ 2,885,032	\$ 3,306,131	\$ 2,221,631
Due from other funds	35,922	325,235	361,157	1,175,593
Due from other governments	14,002	-	14,002	-
Other receivables	1,224	57,986	59,210	81,212
Inventories	17,109	-	17,109	17,062
Total current assets	489,356	3,268,253	3,757,609	3,495,498
NONCURRENT ASSETS				
Capital assets, net	112,722	-	112,722	92,407
Total assets	602,078	3,268,253	3,870,331	3,587,905
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on proportionate share of pension - PSERS	155,198	-	155,198	117,879
Deferred charges on proportionate share of OPEB - PSERS	5,689	-	5,689	3,087
Total deferred outflows of resources	160,887	-	160,887	120,966
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
LIABILITIES				
Accounts payable	-	875	875	1,115
Due to other funds	-	-	-	7,380
Accrued salaries, payroll withholdings and benefits	116	144,454	144,570	134,038
Unearned revenue	8,878	-	8,878	7,600
Total current liabilities	8,994	145,329	154,323	150,133
NONCURRENT LIABILITIES				
Net pension liability - PSERS	923,407	-	923,407	879,101
Net OPEB liability - PSERS	40,588	-	40,588	39,966
Total noncurrent liabilities	963,995	-	963,995	919,067
Total liabilities	972,989	145,329	1,118,318	1,069,200
DEFERRED INFLOWS OF RESOURCES				
Deferred credits on proportionate share of pension - PSERS	33,886	-	33,886	59,176
Deferred credits on proportionate share of OPEB - PSERS	2,135	-	2,135	2,771
Total deferred inflows of resources	36,021	-	36,021	61,947
NET POSITION (DEFICIT)				
Net investment in capital assets	112,722	-	112,722	92,407
Unrestricted (deficit)	(358,767)	3,122,924	2,764,157	2,485,317
Total net position (deficit)	\$ (246,045)	\$ 3,122,924	\$ 2,876,879	\$ 2,577,724

See accompanying notes

COLUMBIA BOROUGH SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) - PROPRIETARY FUNDS

Year ended June 30, 2021 with summarized comparative totals for 2020

	<u>Major Fund</u> <u>Food Service</u> <u>Fund</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
OPERATING REVENUES				
Charges for services	\$ 13,409	\$ 2,344,255	\$ 2,357,664	\$ 3,059,804
OPERATING EXPENSES				
Salaries	222,721	-	222,721	258,189
Employee benefits	124,948	2,041,293	2,166,241	2,386,526
Purchased professional and technical services	-	-	-	720
Purchased property services	16,037	-	16,037	7,284
Purchased services	21,258	-	21,258	11,190
Supplies	258,319	-	258,319	394,558
Depreciation	10,664	-	10,664	7,947
Other	293	2,473	2,766	13,870
Total operating expenses	<u>654,240</u>	<u>2,043,766</u>	<u>2,698,006</u>	<u>3,080,284</u>
Operating income (loss)	<u>(640,831)</u>	<u>300,489</u>	<u>(340,342)</u>	<u>(20,480)</u>
NONOPERATING REVENUES				
Earnings on investments	40	144	184	22,518
Contributions and donations from private sources	27,879	-	27,879	3,353
State sources	74,611	-	74,611	75,733
Federal sources	536,586	-	536,586	714,627
Total nonoperating revenues	<u>639,116</u>	<u>144</u>	<u>639,260</u>	<u>816,231</u>
Change in net position before transfers	<u>(1,715)</u>	<u>300,633</u>	<u>298,918</u>	<u>795,751</u>
Transfers in	<u>237</u>	<u>-</u>	<u>237</u>	<u>242</u>
CHANGE IN NET POSITION (DEFICIT)	<u>(1,478)</u>	<u>300,633</u>	<u>299,155</u>	<u>795,993</u>
NET POSITION (DEFICIT)				
Beginning of year	<u>(244,567)</u>	<u>2,822,291</u>	<u>2,577,724</u>	<u>1,781,731</u>
End of year	<u>\$ (246,045)</u>	<u>\$ 3,122,924</u>	<u>\$ 2,876,879</u>	<u>\$ 2,577,724</u>

See accompanying notes

COLUMBIA BOROUGH SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended June 30, 2021 with summarized comparative totals for 2020

	Major Fund Food Service Fund	Internal Service Fund	Totals	
			2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	\$ (21,287)	\$ -	\$ (21,287)	\$ 98,411
Cash received from assessments made to other funds	-	3,216,667	3,216,667	1,790,392
Cash payments to employees for services	(368,472)	-	(368,472)	(423,150)
Cash payments for insurance claims	-	(2,030,002)	(2,030,002)	(2,192,410)
Cash payments to suppliers for goods and services	(239,464)	-	(239,464)	(355,529)
Cash payments for other operating expenses	-	(2,473)	(2,473)	(13,197)
Net cash provided by (used for) operating activities	(629,223)	1,184,192	554,969	(1,095,483)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Contributions and donations from private sources	27,879	-	27,879	3,353
State sources	74,611	-	74,611	75,735
Federal sources	457,599	-	457,599	657,385
Transfers in	237	-	237	242
Net cash provided by noncapital financing activities	560,326	-	560,326	736,715
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(30,979)	-	(30,979)	(93,894)
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	40	144	184	22,518
Net increase (decrease) in cash	(99,836)	1,184,336	1,084,500	(430,144)
CASH				
Beginning of year	520,935	1,700,696	2,221,631	2,651,775
End of year	\$ 421,099	\$ 2,885,032	\$ 3,306,131	\$ 2,221,631
Reconciliation of operating loss to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (640,831)	\$ 300,489	\$ (340,342)	\$ (20,480)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities				
Depreciation	10,664	-	10,664	7,947
Donated commodities used	64,985	-	64,985	57,240
(Increase) decrease in				
Due from other funds	(35,922)	850,358	814,436	(1,175,593)
Other receivables	(52)	22,054	22,002	1,683
Inventories	(47)	-	(47)	(3,650)
Deferred outflows of resources	(39,921)	-	(39,921)	(10,721)
Increase (decrease) in				
Accounts payable	(1,115)	875	(240)	(937)
Due to other funds	(7,380)	-	(7,380)	5,019
Accrued salaries, payroll withholdings and benefits	116	10,416	10,532	10,110
Unearned revenue	1,278	-	1,278	2,909
Net pension liability	44,306	-	44,306	33,078
Net OPEB liability	622	-	622	3,222
Deferred inflows of resources	(25,926)	-	(25,926)	(5,310)
Net cash provided by (used for) operating activities	\$ (629,223)	\$ 1,184,192	\$ 554,969	\$ (1,095,483)
SUPPLEMENTAL DISCLOSURE				
Noncash noncapital financing activity				
USDA donated commodities	\$ 64,985	\$ -	\$ 64,985	\$ 57,240

See accompanying notes

COLUMBIA BOROUGH SCHOOL DISTRICT**STATEMENT OF NET POSITION - FIDUCIARY FUNDS****June 30, 2021 with summarized comparative data for 2020**

	Private- Purpose Trust	Custodial Funds	Totals	
			<u>2021</u>	<u>2020</u>
ASSETS				
Cash	<u>\$ 129,620</u>	<u>\$ 21,852</u>	<u>\$ 151,472</u>	<u>\$ 157,259</u>
LIABILITIES				
Accounts payable	<u>-</u>	<u>425</u>	<u>425</u>	<u>4,860</u>
NET POSITION				
Restricted for student activities	-	21,427	21,427	21,380
Net position held in trust for scholarships	<u>129,620</u>	<u>-</u>	<u>129,620</u>	<u>131,019</u>
	<u>\$ 129,620</u>	<u>\$ 21,427</u>	<u>\$ 151,047</u>	<u>\$ 152,399</u>

See accompanying notes

COLUMBIA BOROUGH SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

Year ended June 30, 2021 with summarized comparative totals for 2020

	Private- Purpose Trust	Custodial Funds	Totals	
			2021	2020
ADDITIONS				
Receipts from student groups	\$ -	\$ 4,107	\$ 4,107	\$ 17,200
Local contributions and investment earnings	26	213	239	11,722
Total additions	26	4,320	4,346	28,922
DEDUCTIONS				
Student activity disbursements	-	4,273	4,273	14,254
Scholarships awarded and fees paid	1,425	-	1,425	1,133
Total deductions	1,425	4,273	5,698	15,387
CHANGE IN NET POSITION	(1,399)	47	(1,352)	13,535
NET POSITION				
Beginning of year	131,019	21,380	152,399	138,864
End of year	<u>\$ 129,620</u>	<u>\$ 21,427</u>	<u>\$ 151,047</u>	<u>\$ 152,399</u>

See accompanying notes

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Columbia Borough School District (the "***District***") operates one elementary school, two middle schools, a high school and an online virtual academy to provide education and related services to the residents in the Borough of Columbia. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class. The District operates under a locally elected nine-member board form of government (the "***School Board***").

The financial statements of the District have been prepared in accordance with generally accepted accounting principles ("***GAAP***") as applied to governmental units. The Governmental Accounting Standards Board ("***GASB***") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be an independent reporting entity and has no component units.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position (deficit) and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the financial activities of the primary government except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position (deficit) presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the District is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The statement of net position (deficit) includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

The government-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the District.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

Fund Financial Statements

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for financial resources restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Proprietary Funds

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District reports the following proprietary funds:

The Food Service Fund accounts for the revenues and costs of providing meals to students during the school year.

The Internal Service Fund is used to account for the District's self-funded health insurance program.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges for services. Operating expenses for the District's proprietary funds include payroll, employee benefits, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. The private-purpose trust fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations. Custodial funds are used to account for assets held on behalf of individuals and/or governmental units and are, therefore, not available to support the District's own programs. The District has one custodial consisting of funds held on behalf of the students.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost, which approximates fair value.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property Taxes

Taxes are levied on July 1 and are payable in the following periods:

July 1 – August 31	- Discount period, 2% of gross levy
September 1 – October 31	- Face period
November 1 to collection	- Penalty period, 10% of gross levy
January 1	- Lien date

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

The County Board of Assessments determines assessed valuations of property and the District bills and collects its own property taxes. The tax on real estate for public school purposes for fiscal 2020-2021 was 26.46 mills (\$26.46 for \$1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Taxpayers within the District have the option of paying in three installments. These installments have the following due dates:

Installment One	- August 31
Installment Two	- September 30
Installment Three	- October 31

The discount (two percent) is not applicable to installment payments; however, the penalty (10 percent) will be added if second and third installments are paid subsequent to the due dates.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

All inventories are valued at the lower of cost (first-in, first-out method) or market.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives: land improvements – 15-20 years; buildings and improvements – 10-50 years; furniture and equipment – 5-20 years; vehicles – 8-15 years; textbooks and library books – 5-20 years.

Impairment of Long-Lived Assets

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2021.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Compensated Absences

District policies permit employees to accumulate earned but unused vacation and sick days. The liability for these compensated absences is recorded as a noncurrent liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only to the extent they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources and uses. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures except for refundings paid from proceeds which are reported as other financing costs.

Fund Equity

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The District reports the following fund balance classifications:

Non-spendable

Non-spendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned

Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Chief of Finance and Operations or (b) an appointed body (e.g., finance committee) or (c) an official to which the District has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

The District has adopted a formal minimum fund balance policy. The District will strive to maintain an unassigned General Fund fund balance of not less than 5 percent and not more than 8 percent of the budgeted expenditures for that year. The total fund balance, consisting of several portions including, restricted, committed, assigned and unassigned, may exceed 8 percent.

If the unassigned portion of the fund balance falls below the threshold of 5 percent of budgeted expenditures, the School Board, will pursue options for increasing revenues and decreasing expenditures, or a combination of both until 5 percent is attained. If the unassigned portion of the fund balance exceeds 8 percent of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for nonrecurring expenditures, instead of normal operating costs.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Implementation of New Accounting Pronouncements

Effective July 1, 2020, the District adopted the provisions of GASB Statement No. 84 "Fiduciary Activities"; GASB Statement No. 90 "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61"; GASB Statement No. 93 "Replacement of Interbank Offered Rates"; GASB Statement No. 95, "Postponements of Effective Dates of Certain Authoritative Guidance" and GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32".

GASB Statement No. 84 improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. As a result of the implementation Statement No. 84 the District reported restricted net position and changes in fiduciary net position for its Student Activities Fund for the year ended June 30, 2021.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

GASB Statement No. 90 improved the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defined a majority equity interest and specified that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of GASB Statement No. 90 had no impact on the financial statements of the District for the year ended June 30, 2021.

GASB Statement No. 93 addresses those and other accounting and financial implications that result from the replacement from IBOR by (1) providing exceptions for certain hedging derivatives to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) clarifying that the uncertainty related to the continued availability of IBOR's does not, by itself affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) identifying a secured overnight financing rate and the effective federal funds rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and; (6) clarifying the definition of a reference rate, as it is used in GASB Statement 53 "Accounting and Financial Reporting for Derivative Instruments". The implementation of GASB Statement No. 93 had no impact on the District's financial statements for the year ended June 30, 2021.

GASB Statement No. 95 provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in statements that first became effective or are scheduled to be effective for periods beginning after June 15, 2018, and later. See references to GASB Statement No. 95 within the various pronouncements above to determine the impact on each individual statement. The implementation of GASB Statement No. 95 by the District postponed the implementation of GASB Statement No. 84 until year ended June 30, 2021 as described above and the implementation of GASB Statement No 87 until year ended June 30, 2022 as described below.

The objectives of GASB Statement No. 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 had no impact on the financial statements of the District for the year ended June 30, 2021.

New Accounting Pronouncements

GASB Statement No. 87, "Leases" will be effective for the District for the year ended June 30, 2022. The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

GASB Statement No. 89, *"Accounting for Interest Cost Incurred Before the End of a Construction Period"*, will be effective for the District for the year ended June 30, 2022. The objectives of GASB Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 establishes accounting required for interest cost incurred before the end of a construction period. Such interest costs includes all interest that previously was accounted for in accordance with the requirements of GASB Statement No. 62, *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements"*, which are superseded by GASB Statement No. 89. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with government fund accounting principles.

GASB Statement No. 91, *"Conduit Debt Obligations"* will be effective for the District for the year ended June 30, 2022. GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92, *"Omnibus 2020"* will be effective for the District for the year ended June 30, 2022. GASB Statement No. 92 addresses a variety of topics to enhance comparability in accounting and financial reporting and improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"* will be effective for the District for the year ended June 30, 2023. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (*"PPPs"*). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 96, *"Subscription-Based Information Technology Arrangements"* will be effective for the District for the year ended June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (*"SBITA"*s) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for the Capital Projects fund.

The District is required to publish notice by advertisement at least once in a newspaper of general circulation in the municipalities in which it is located, and within 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the School Board.

After the legal adoption of the budget, the School Board is required to file a copy of the budget with the Pennsylvania Department of Education by July 31. Additional copies of the budget also are required to be filed with the House Education Committee and the Senate Education Committee by September 15.

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated in any particular item of expenditure by legislative action in accordance with Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without approval from the School Board. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

(3) DEPOSITS

State statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, state treasurer's investment pools or mutual funds.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2021, the carrying amount of the District's deposits was \$14,379,608 and the bank balance was \$14,424,351. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, all cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("**PSDLAF**"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, are rated by a nationally recognized statistical rating organization and are subject to independent annual audit. As of June 30, 2021, PSDLAF was rated as AAA by a nationally recognized statistical rating agency.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 4,200	\$ -	\$ -	\$ 4,200
Artwork	67,500	-	-	67,500
Total capital assets not being depreciated	<u>71,700</u>	<u>-</u>	<u>-</u>	<u>71,700</u>
Capital assets being depreciated				
Land improvements	2,775,129	-	-	2,775,129
Buildings and improvements	44,694,653	-	-	44,694,653
Furniture and equipment	1,921,158	213,608	-	2,134,766
Vehicles	338,663	-	-	338,663
Textbooks and library books	52,138	6,619	(6,628)	52,129
Total capital assets being depreciated	<u>49,781,741</u>	<u>220,227</u>	<u>(6,628)</u>	<u>49,995,340</u>
Less accumulated depreciation for				
Land improvements	(2,267,327)	(100,020)	-	(2,367,347)
Buildings and improvements	(16,770,846)	(1,116,929)	-	(17,887,775)
Furniture and equipment	(1,243,562)	(103,045)	-	(1,346,607)
Vehicles	(338,663)	-	-	(338,663)
Textbooks and library books	(22,882)	(10,095)	6,296	(26,681)
Total accumulated depreciation	<u>(20,643,280)</u>	<u>(1,330,089)</u>	<u>6,296</u>	<u>21,967,073</u>
Total capital assets being depreciated, net	<u>29,138,461</u>	<u>(1,109,862)</u>	<u>(332)</u>	<u>28,028,267</u>
Governmental activities, net	<u>\$ 29,210,161</u>	<u>\$ (1,109,862)</u>	<u>\$ (332)</u>	<u>\$ 28,099,967</u>
Business-type activities				
Capital assets being depreciated				
Machinery and equipment	\$ 169,777	\$ 30,979	\$ -	\$ 200,756
Less accumulated depreciation	(77,370)	(10,664)	-	(88,034)
Business-type activities, net	<u>\$ 92,407</u>	<u>\$ 20,315</u>	<u>\$ -</u>	<u>\$ 112,722</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities	
Instruction	\$ 970,761
Instructional student support	69,384
Administrative and financial support services	116,796
Operation and maintenance of plant services	143,736
Student activities	29,412
Total depreciation expense – governmental activities	<u>\$1,330,089</u>
Business-type activities	
Food service	<u>\$ 10,664</u>

(5) INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
Capital Projects Fund	\$2,534,540	General Fund	\$2,534,540
Food Service Fund	35,922	General Fund	35,922
Internal Service Fund	325,235	General Fund	325,235
	<u>\$2,895,697</u>		<u>\$2,895,697</u>

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Interfund balances between funds represent temporary loans recorded at year-end as the result of a final allocation of expenses.

A summary of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects Fund	\$2,534,540	General Fund	\$2,534,540
Food Service Fund	<u>237</u>	General Fund	<u>237</u>
	<u>\$2,534,777</u>		<u>\$2,534,777</u>

Transfers from the General Fund to the Capital Projects Fund represent transfers to subsidize costs associated with the acquisition of capital assets and food service operations.

(6) CHANGE IN NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Amount Due Within One Year</u>
Governmental activities					
General obligation debt					
Bonds payable	\$15,430,000	\$ -	\$1,750,000	\$13,680,000	\$2,225,000
Note payable	295,000	-	295,000	-	-
Bond premiums	770,061	-	145,604	624,457	145,604
Bond discounts	<u>(153,883)</u>	<u>-</u>	<u>(28,515)</u>	<u>(125,368)</u>	<u>(28,515)</u>
Total general obligation debt	<u>16,341,178</u>	<u>-</u>	<u>2,162,089</u>	<u>14,179,089</u>	<u>2,342,089</u>
Other noncurrent liabilities					
Compensated absences	147,111	-	2,151	144,960	11,866
OPEB liability	2,760,140	125,766	214,937	2,670,969	-
Net OPEB liability - PSERS	1,214,871	56,084	-	1,270,955	-
Net pension liability - PSERS	<u>26,722,637</u>	<u>2,192,800</u>	<u>-</u>	<u>28,915,437</u>	<u>-</u>
Total other noncurrent liabilities	<u>30,844,759</u>	<u>2,374,650</u>	<u>217,088</u>	<u>33,002,321</u>	<u>11,866</u>
Total governmental activities	<u>47,185,937</u>	<u>2,374,650</u>	<u>2,379,177</u>	<u>47,181,410</u>	<u>2,353,955</u>
Business-type activities					
Net OPEB liability - PSERS	39,966	622	-	40,588	-
Net pension liability - PSERS	<u>879,101</u>	<u>44,306</u>	<u>-</u>	<u>923,407</u>	<u>-</u>
Total business-type activities	<u>919,067</u>	<u>44,928</u>	<u>-</u>	<u>963,995</u>	<u>-</u>
Total noncurrent liabilities	<u>\$48,105,004</u>	<u>\$2,419,578</u>	<u>\$2,379,177</u>	<u>\$48,145,405</u>	<u>\$2,353,955</u>

Noncurrent liabilities of governmental activities are generally liquidated by the General Fund, while noncurrent liabilities of the business-type activities are generally liquidated by the Food Service Fund.

(7) GENERAL OBLIGATION DEBT

General obligation debt is a direct obligation of the District for which full faith and credit are pledged and is payable from unrestricted local sources. The District has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

General obligation debt outstanding as of June 30, 2021 consisted of the following:

<u>Description</u>	<u>Interest Rate(s)</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds				
Series of 2019	2.00% - 4.00%	\$7,710,000	02/15/2024	\$ 4,365,000
Series of 2020	1.11% - 4.00%	\$9,380,000	06/01/2027	<u>9,315,000</u>
Total general obligation debt				<u>\$13,680,000</u>

Annual debt service requirements to maturity on these obligations are as follows:

<u>Year ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2022	\$ 2,225,000	\$ 402,725	\$ 2,627,725
2023	2,300,000	330,725	2,630,725
2024	2,380,000	251,475	2,631,475
2025	2,305,000	174,900	2,479,900
2026	2,370,000	111,750	2,481,750
2027	<u>2,100,000</u>	<u>52,500</u>	<u>2,152,500</u>
	<u>\$13,680,000</u>	<u>\$1,324,075</u>	<u>\$15,004,075</u>

(8) PENSION PLAN

Plan Description

The Pennsylvania Public School Employees' Retirement System ("**PSERS**") is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year credited service; (b) age 60 with 30 more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Member Contributions

Active members who joined PSERS prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined PSERS after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the District were \$2,746,050 for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability of \$29,838,844 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.0606 percent, which was an increase of 0.0016 percent from its proportion measured as of June 30, 2019. As of June 30, 2021, the net pension liability of \$28,915,437 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining \$923,407 of the net pension liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2021, the District recognized pension expense of \$2,836,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual experience	\$ 78,000	\$ 715,000
Changes in assumptions	-	-
Net difference between projected and actual		
Investment earnings	1,311,000	-
Changes in proportions	880,000	380,000
Contributions subsequent to the measurement date	<u>2,746,050</u>	<u>-</u>
	<u>\$5,015,050</u>	<u>\$1,095,000</u>

\$2,746,050 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2021	\$ (192,000)
2022	398,000
2023	579,000
2024	<u>389,000</u>
	<u>\$1,174,000</u>

Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward PSERS's total pension liability as the June 30, 2019 actuarial valuation to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial valuation experience study that was performed for the five year period ending June 30, 2015.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The plan's policy in regard to the allocation of invested plan assets is established and may be amended by the board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	15.00 %	5.20 %
Private equity	15.00 %	7.20 %
Fixed income	36.00 %	1.10 %
Commodities	8.00 %	1.80 %
Absolute return	10.00 %	2.50 %
Infrastructure/MLPs	6.00 %	5.70 %
Real estate	10.00 %	5.50 %
Risk parity	8.00 %	3.30 %
Cash	6.00 %	(1.00)%
Financing (LIBOR)	<u>(14.00)%</u>	<u>(0.70)%</u>
	<u>100.00 %</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
District's proportionate share of the net pension liability	<u>\$36,916,955</u>	<u>\$29,838,844</u>	<u>\$23,842,695</u>

Pension Plan Fiduciary Net Position

Detailed information about the PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the system's website at www.psers.state.pa.us.

(9) OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

The District's other post-employment benefits ("**OPEB**") include a single-employer defined benefit plan that provides medical insurance to eligible retirees and their spouses and dependents. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2019:

Active employees – not yet eligible	138
Active employees – fully eligible	-
Retired employees	<u>9</u>
Total	<u>147</u>

Funding Policy

The District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

OPEB Liability

The District's OPEB liability has been measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, and by rolling forward the liabilities from the July 1, 2019 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is \$2,670,969, all of which is unfunded. As of June 30, 2021, the OPEB liability of \$2,670,969 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

The District's change in its OPEB liability for the year ended June 30, 2021 was as follows:

Balance as of July 1, 2020	<u>\$2,760,140</u>
Changes for the year:	
Service cost	32,356
Interest on total OPEB liability	93,410
Differences between expected and actual experience	-
Change of assumptions	-
Benefit payments	<u>(214,937)</u>
Net changes	<u>(89,171)</u>
Balance as of June 30, 2021	<u>\$2,670,969</u>

OPEB Expense and Deferred Outflows Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$385,098. At June 30, 2021, the District had deferred outflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$122,190	\$38,062
Differences between projected and actual experience	<u>68,695</u>	<u>3,049</u>
	<u>\$190,885</u>	<u>\$41,111</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,

2022	\$177,665
2023	(13,220)
2024	(13,220)
2025	<u>(1,451)</u>
	<u>\$149,774</u>

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Sensitivity of the OPEB Liability to Change in Healthcare Cost Trend Rates

The following presents the OPEB liability for June 30, 2021, calculated using current healthcare cost trends as well as what the OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$2,372,715</u>	<u>\$2,670,969</u>	<u>\$3,009,386</u>

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District calculated using the discount rate of 3.50%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

	<u>1% Decrease 2.50%</u>	<u>Current Discount Rate 3.50%</u>	<u>1% Increase 4.50%</u>
OPEB Liability	<u>\$2,897,247</u>	<u>\$2,670,969</u>	<u>\$2,471,961</u>

Actuarial Methods and Significant Assumptions

The OPEB Liability as of June 30, 2021, was determined by rolling forward the OPEB Liability as of July 1, 2019 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal.
- Discount rate – 3.50%; based on 20-year high-grade municipal rate index. The discount rate changed from 3.00% to 3.50%.
- Salary growth – 2.50%.
- Assumed healthcare cost trends – 5.50% in 2020 and 5.40% through 2021.
- Mortality rates were based on the PubT.H.2000 Employee and PubT.H.2000 Healthy Annuitant, adjusted to reflect experience and projected using a modified version of the MP-2018 mortality improvement scale.

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

PSERS provides health insurance premium assistance which, is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Retirees of PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the PSERS' health options program or employer-sponsored health insurance program.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$66,838 for the year ended June 30, 2021.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported a liability of \$1,311,543 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.0607 percent, which was an increase of 0.0017 percent from its proportion measured as of June 30, 2019. As of June 30, 2021, the OPEB liability of \$1,270,955 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining \$40,588 of the OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2021, the District recognized OPEB expense of \$66,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual experience	\$ 12,000	\$ -
Changes in assumptions	53,000	29,000
Net difference between projected and actual investment earnings	2,000	-
Changes in proportions	50,000	40,000
Contributions subsequent to the measurement date	<u>66,838</u>	<u>-</u>
	<u>\$183,838</u>	<u>\$69,000</u>

\$66,838 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Year ended June 30,

2021	\$ 4,000
2022	3,000
2023	3,000
2024	13,000
2025	18,000
Thereafter	<u>7,000</u>
	<u>\$48,000</u>

Actuarial Assumptions

The OPEB liability as of June 30, 2020, was determined by rolling forward the PSERS' OPEB liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal – level % of pay
- Investment return – 2.66% – Standard & Poor's 20-year municipal bond rate
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

Participation rate:

- Eligible retirees will elect to participate pre age 65 at 50%
- Eligible retirees will elect to participate post age 65 at 70%

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five-year period June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 combined healthy annuitant tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 combined disabled tables with age set back 7 years for males and 3 years for females and disabled annuitants. (A unisex table based on the RP-2000 combined healthy annuitant tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Investments consist primarily of short term assets designed to protect the principal of the OPEB plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

<u>OPEB – Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.30%	(1.00)%
US core fixed income	46.50%	(0.10)%
Non-US developed fixed	<u>3.20%</u>	(0.10)%
	<u>100.00%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

Discount Rate

The discount rate used to measure the OPEB liability was 2.66%. Under the OPEB plan's funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the Standard & Poors 20 year municipal bond rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of District's Proportionate Share of the Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual health insurance premium assistance. As of June 30, 2020, retirees health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the net OPEB liability for June 30, 2020, calculated using current healthcare cost trends as well as what net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	<u>\$1,311,375</u>	<u>\$1,311,543</u>	<u>\$1,311,677</u>

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

	<u>1% Decrease 1.66%</u>	<u>Current Discount Rate 2.66%</u>	<u>1% Increase 3.66%</u>
District's proportionate share of the net OPEB liability	<u>\$1,495,361</u>	<u>\$1,311,543</u>	<u>\$1,159,326</u>

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on PSERS's website at www.psers.pa.gov.

(10) JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Joint Ventures

Lancaster County Career and Technology Center

The District and the other 15 Lancaster County school districts participate in the Lancaster County Career and Technology Center ("**LCCTC**"). The LCCTC provides vocational-technical training and education to students of the participating school districts. The LCCTC is controlled by a joint board comprised of representative school board members of the participating school districts. District oversight of the LCCTC operations is the responsibility of the joint board. The District's share of operating costs for the LCCTC fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2020-2021 was \$483,807.

Lancaster County Career and Technology Center Authority

The District and the other 15 Lancaster County school districts also participate in a joint venture for the operation of the Lancaster County Career and Technology Center Authority (the "**Authority**"). The Authority oversees acquiring, holding, constructing, improving and maintaining the LCCTC school buildings and facilities. The Authority is controlled by a joint board comprised of representative school board members of the participating school districts in the Authority. As further described below, the participating school districts have entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The District's share of rent expense for 2020-2021 was \$12,363.

On September 20, 2011, the Authority authorized the issuance of Guaranteed Lease Revenue Bonds (the "**Revenue Bonds**"), in the maximum aggregate principal amount of \$43,000,000 to provide funds for the renovations and additions to the Brownstown, Mount Joy and Willow Street campuses of the LCCTC and pay for the costs of issuance. The District and the 15 Lancaster County school districts have entered into long-term lease agreements with the Authority stipulating that each school district pay its proportionate share of the lease rentals in order to retire the Revenue Bonds based on real estate market values as set forth in the LCCTC organization agreement. The Revenue Bonds were issued in three different series over three years. The amount of each series was not to exceed \$10,000,000 without the participating school districts' approval. On June 29, 2012, the Authority issued the first of three series in the total amount of \$9,995,000 which was refinanced in February 2018. On September 20, 2013, the Authority issued the second of three series in the total amount of \$9,995,000 which was refinanced in February 2017 and on July 9, 2014, the Authority issued the final of the three series in the total amount of \$3,900,000. On June 1, 2020, the Authority refinanced its Series of 2013 and Series of 2014 Revenue Bonds by issuing the Series of 2020 Revenue Bonds in the amount of \$11,145,000. The District's lease rental obligations for minimum rental payments related to the issued debt are as follows:

Year ending June 30,

2022	\$ 12,810
2023	12,760
2024	12,707
2025	12,740
2026	12,806
2027-2031	63,054
2032-2036	62,433
2037	<u>12,499</u>
	<u>\$201,809</u>

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Both the LCCTC and the Authority prepare financial statements that are available to the public from their administrative office located at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

Jointly Governed Organizations

Lancaster-Lebanon Intermediate Unit

The District and the other Lancaster and Lebanon County school districts are participating members of the Lancaster-Lebanon Intermediate Unit (the "**LLIU**"). The LLIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating school district. The School Board of each participating school district must approve the annual program budget for the LLIU but the participating school districts have no ongoing fiduciary interest or responsibility to the LLIU. The LLIU is a self-sustaining organization that provides a broad array of services to the participating school districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and federal liaison services. During 2020-2021, the District contracted with the LLIU for special education services which totaled \$660,633.

Lancaster-Lebanon Joint Authority

The District and the other Lancaster and Lebanon County school district are also participating members of the Lancaster-Lebanon Joint Authority (the "**Authority**"). The Authority oversees acquiring, holding, constructing, improving and maintaining the buildings and facilities maintained for the participating school districts and the LLIU, which is governed by a joint committee consisting of School Board members from each participating school district. During 2020-2021, the District did not have any financial transactions with the Authority.

Lancaster County Tax Collection Bureau

The District and the other 15 Lancaster County school districts along with Octorara Area School District of Chester County and the municipalities represented by those school districts are participating members of the Lancaster County Tax Collection Bureau (the "**Bureau**") for the collection of earned income taxes. Each participating school district appoints one member to serve on the joint operating committee and 16 members are appointed by the participating municipalities. The Bureau is a self-sustaining organization in which the participating members have no ongoing fiduciary interest or responsibility. The Bureau's operating expenditures are deducted from each members earned income tax distributions. During 2020-2021, the District's portion of operating expenditures for the Bureau totaled \$13,469.

(11) CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The District receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

Litigation

The District is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(12) RISK MANAGEMENT

Health Insurance

The District participates in a consortium with the LLIU to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third party administrator, who approves and processes all claims. The District was limited in liability to \$100,000 per individual and \$2,170,430 in total for self-insurance medical claims for the year ended June 30, 2021.

The District has recorded a liability in the Internal Service Fund for claims incurred through June 30, 2021 which has historically been satisfied within 60 days after June 30. The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the year ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Insurance claims liability – beginning of year	\$ 134,038	\$ 123,928
Current year insurance claims and changes in estimates	2,041,293	2,201,296
Insurance claims paid	<u>(2,030,877)</u>	<u>(2,191,186)</u>
Insurance claims liability – end of year	<u>\$ 144,454</u>	<u>\$ 134,038</u>

Property and Liability

The District and 15 participating member school districts, the LLIU, the Lancaster County Academy, and the LCCTC participate in the Lancaster-Lebanon Public Schools Insurance Pool (the "**Pool**"), which is a public entity risk pool currently operating as a common risk management and insurance program. The District and the other participating members pay an annual premium to the Pool for the purpose of seeking prevention or lessening of casualty losses to participating members from injuries to persons or property which might result in claims being made against participating members and to the pools insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Pool, that the Pool will utilize funds contributed by the participating members to provide self-insurance and reimbursement to the members for certain losses, to defend and protect each participating member of the Pool against certain liabilities and losses, and to purchase excess and aggregate stop-loss insurance for claims greater than \$100,000 per occurrence. As of June 30, 2021, the District is not aware of any additional assessments relating to the Pool.

Workers' Compensation

The District and 16 participating member school districts, the LLIU and Lancaster County Academy participate in the Lancaster-Lebanon Public Schools Workers' Compensation Fund (the "**Fund**"), which is a cooperative voluntary trust arrangement. The District and the other participating members pay an annual premium to the Fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves, claims, and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Fund that the Fund will utilize funds contributed by the participating members, which shall be held in trust by the Fund, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of June 30, 2021, the District is not aware of any additional assessments relating to this Fund.

Other Risks

The District is exposed to other risks of loss, including errors and omissions. The District has purchased a commercial insurance policy to safeguard its assets from risk of loss due to errors and omissions. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(13) PRIOR PERIOD RESTATEMENT

As a result of the implementation of GASB Statement No. 84 *"Fiduciary Activities"*, the District made a prior period adjustment to record net position for its Custodial Fund within its fiduciary activities. This prior period adjustment and its effect on net position at July 1, 2019 was an increase in Custodial Fund net position of \$18,156. Prior to the implementation of GASB Statement No. 84, custodial fund assets equaled liabilities and did not involve measurement of results of operations.

(14) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 8, 2022, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

COLUMBIA BOROUGH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ 11,141,181	\$ 11,141,181	\$ 12,094,787	\$ 953,606
State sources	13,835,311	13,835,311	13,659,711	(175,600)
Federal sources	<u>1,924,587</u>	<u>1,924,587</u>	<u>2,183,910</u>	<u>259,323</u>
Total revenues	<u>26,901,079</u>	<u>26,901,079</u>	<u>27,938,408</u>	<u>1,037,329</u>
EXPENDITURES				
Instruction				
Regular programs	10,491,784	9,583,060	9,583,056	4
Special programs	6,230,773	5,043,705	5,035,121	8,584
Vocational programs	513,184	496,171	496,170	1
Other instructional programs	307,986	171,953	168,811	3,142
Nonpublic school programs	<u>69,936</u>	<u>130,691</u>	<u>130,691</u>	<u>-</u>
Total instruction	<u>17,613,663</u>	<u>15,425,580</u>	<u>15,413,849</u>	<u>11,731</u>
Support services				
Pupil support services	955,113	1,008,370	1,002,294	6,076
Instructional staff services	872,945	870,053	840,957	29,096
Administrative services	1,203,783	1,279,492	1,271,282	8,210
Pupil health	440,223	412,594	412,592	2
Business services	283,353	240,206	238,883	1,323
Operation and maintenance of plant services	1,647,626	1,910,646	1,909,853	793
Student transportation services	606,450	345,001	345,001	-
Support services - central	486,953	1,029,985	1,029,983	2
Other support services	<u>21,700</u>	<u>21,700</u>	<u>17,574</u>	<u>4,126</u>
Total support services	<u>6,518,146</u>	<u>7,118,047</u>	<u>7,068,419</u>	<u>49,628</u>
Operation of non-instructional services				
Student activities	352,254	334,215	297,910	36,305
Community services	<u>24,069</u>	<u>24,069</u>	<u>23,341</u>	<u>728</u>
Total operation of non-instructional services	<u>376,323</u>	<u>358,284</u>	<u>321,251</u>	<u>37,033</u>
Facilities acquisition, construction and improvement services	<u>-</u>	<u>4,799</u>	<u>4,799</u>	<u>-</u>
Debt service	<u>2,630,455</u>	<u>2,504,523</u>	<u>2,503,205</u>	<u>1,318</u>
Total expenditures	<u>27,138,587</u>	<u>25,411,233</u>	<u>25,311,523</u>	<u>99,710</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(237,508)</u>	<u>1,489,846</u>	<u>2,626,885</u>	<u>1,137,039</u>
OTHER FINANCING SOURCES (USES)				
Refund of prior year receipts	-	-	(1,317)	(1,317)
Budgetary reserve	(807,423)	-	-	-
Transfers out	<u>-</u>	<u>(2,534,777)</u>	<u>(2,534,777)</u>	<u>-</u>
Total other financing sources (uses)	<u>(807,423)</u>	<u>(2,534,777)</u>	<u>(2,536,094)</u>	<u>(1,317)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,044,931)</u>	<u>\$ (1,044,931)</u>	<u>90,791</u>	<u>\$ 1,135,722</u>
FUND BALANCE				
Beginning of year			<u>4,693,579</u>	
End of year			<u>\$ 4,784,370</u>	

COLUMBIA BOROUGH SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PSERS

Year ended June 30

	Measurement Date						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0606%	0.0590%	0.0577%	0.0608%	0.0610%	0.0631%	0.0650%
District's proportionate share of the net pension liability	\$ 29,838,844	\$ 27,601,738	\$ 27,698,865	\$ 30,028,150	\$ 30,229,666	\$ 27,332,121	\$ 25,727,628
District's covered-employee payroll	\$ 8,525,331	\$ 8,134,625	\$ 7,774,671	\$ 8,099,751	\$ 7,894,898	\$ 8,124,380	\$ 8,298,684
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	350.00%	339.31%	356.27%	370.73%	382.90%	336.42%	310.02%
Plan fiduciary net position as a percentage of the total pension liability	54.32%	55.66%	54.00%	51.84%	50.00%	54.00%	57.00%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

COLUMBIA BOROUGH SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,829,970	\$ 2,642,159	\$ 2,448,400	\$ 2,325,544	\$ 1,919,666	\$ 1,665,498	\$ 1,327,789
Contributions in relation to the contractually required contribution	<u>2,829,970</u>	<u>2,642,159</u>	<u>2,448,400</u>	<u>2,325,544</u>	<u>1,919,666</u>	<u>1,665,498</u>	<u>1,327,789</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 8,525,331	\$ 8,134,625	\$ 7,774,671	\$ 8,099,751	\$ 7,894,898	\$ 8,124,380	\$ 8,298,684
Contributions as a percentage of covered-employee payroll	33.19%	32.48%	31.49%	28.71%	24.32%	20.50%	16.00%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

COLUMBIA BOROUGH SCHOOL DISTRICT

SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN

Year ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL PENSION LIABILITY				
Service cost	\$ 32,356	\$ 42,789	\$ 53,420	\$ 102,749
Interest on total OPEB liability	93,410	86,539	92,679	85,347
Differences between expected and actual experience	-	(5,011)	-	478,819
Change of assumptions	-	(62,540)	-	851,682
Benefit payments	<u>(214,937)</u>	<u>(329,775)</u>	<u>(361,111)</u>	<u>(138,599)</u>
Net change in total pension liability	(89,171)	(267,998)	(215,012)	1,379,998
Total OPEB liability, beginning	<u>2,760,140</u>	<u>3,028,138</u>	<u>3,243,150</u>	<u>1,863,152</u>
Total OPEB liability, ending	<u>\$ 2,670,969</u>	<u>\$ 2,760,140</u>	<u>\$ 3,028,138</u>	<u>\$ 3,243,150</u>
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 7,473,039	\$ 7,290,770	\$ 7,051,294	\$ 6,879,311
OPEB liability as a % of covered payroll	35.74%	37.86%	42.94%	47.14%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

COLUMBIA BOROUGH SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB NET LIABILITY - PSERS

Year ended June 30

	Measurement Date			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0607%	0.0590%	0.0577%	0.0608%
District's proportionate share of the net OPEB liability	\$ 1,311,543	\$ 1,254,837	\$ 1,203,016	\$ 1,238,746
District's covered-employee payroll	\$ 8,525,331	\$ 8,134,625	\$ 7,774,671	\$ 8,099,751
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.38%	15.43%	15.47%	15.29%
Plan fiduciary net position as a percentage of the total OPEB liability	5.69%	5.56%	5.56%	6.00%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

COLUMBIA BOROUGH SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 71,458	\$ 67,597	\$ 64,465	\$ 67,219
Contributions in relation to the contractually required contribution	<u>71,458</u>	<u>67,597</u>	<u>64,465</u>	<u>67,219</u>
Contribution deficiency (excess)	-	-	-	-
District's covered-employee payroll	\$ 8,525,331	\$ 8,134,625	\$ 7,774,671	\$ 8,099,751
Contributions as a percentage of covered-employee payroll	0.84%	0.83%	0.83%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SINGLE AUDIT

COLUMBIA BOROUGH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

Year ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Education											
Passed-Through the Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-190092	10/01/18 - 09/30/19	\$ 731,513	\$ (3,062)	\$ (36,672)	\$ 33,610	\$ 33,610	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-200092	07/01/19 - 09/30/20	720,862	47,993	(8,386)	56,379	56,379	-	-
Title I - Program Improvement	I	84.010	013-210092	08/27/20 - 09/30/21	651,005	604,391	-	609,913	609,913	5,522	-
Total CFDA #84.010						649,322	(45,058)	699,902	699,902	5,522	-
Title II - Improving Teacher Quality	I	84.367	020-190092	10/01/18 - 09/30/19	92,473	(3,819)	(3,819)	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-200092	07/01/19 - 09/30/20	79,247	15,652	5,725	2,282	2,282	(7,645)	-
Title II - Improving Teacher Quality	I	84.367	020-210092	08/27/20 - 09/30/21	67,392	62,419	-	61,869	61,869	(550)	-
Title IIA - Teachers in the Workplace	I	84.367	220-200092	11/21/19 - 09/30/21	25,000	13,636	-	11,200	11,200	(2,436)	-
Total CFDA #84.367						87,888	1,906	75,351	75,351	(10,631)	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-190092	10/01/18 - 09/30/19	53,121	22,134	411	21,723	21,723	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-200092	07/01/19 - 09/30/20	54,749	40,149	(14,600)	54,749	54,749	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-210092	08/27/20 - 09/30/21	54,456	54,456	-	48,677	48,677	(5,779)	-
Total CFDA #84.424						116,739	(14,189)	125,149	125,149	(5,779)	-
Education Stabilization Fund (SECIM)	I	84.425	252-200092	07/01/20 - 09/30/21	10,579	3,526	-	5,732	5,732	2,206	-
Continuity of Education Equity Grant (GEERS)	I	84.425	253-200092	03/13/20 - 09/30/21	10,000	10,000	-	8,997	8,997	(1,003)	-
Education Stabilization Fund (ESSER I)	I	84.425	200-200092	03/13/20 - 09/30/21	589,763	310,402	-	453,614	453,614	143,212	-
Education Stabilization Fund (ESSER II)	I	84.425	200-210092	03/13/20 - 09/30/23	2,393,559	111,065	-	-	-	(111,065)	-
American Rescue Plan (ESSER III)	I	84.425	223-210092	03/13/20 - 09/30/24	4,841,477	-	-	32,197	32,197	32,197	-
Passed-Through the Pennsylvania Commission on Crime and Delinquency											
COVID -19 ESSER Fund (PCCD Part II)	I	84.425	2020-ES-01-35361	03/13/20 - 09/30/22	88,851	1,900	-	39,878	39,878	37,978	-
Total CFDA #84.425						436,893	-	540,418	540,418	103,525	-
Passed Through the Lancaster-Lebanon I.U.											
I.D.E.A. - Part B, Section 619	I	84.173	131-200013	07/01/19 - 06/30/20	2,057	2,057	2,057	-	-	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-210013	07/01/20 - 06/30/21	1,755	1,755	-	1,755	1,755	-	-
Total CFDA #84.173						3,812	2,057	1,755	1,755	-	-

Continued on next page

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Passed Through to Subrecipients</u>
I.D.E.A. - Part B, Section 611	I	84.027	062-210013	07/01/20 - 09/30/21	412,753	93,194	-	412,753	412,753	319,559	-
Total U.S. Department of Education						1,387,848	(55,284)	1,855,328	1,855,328	412,196	-
<u>U.S. Department of Treasury</u>											
<u>Passed-Through the Pennsylvania Commission on Crime and Delinquency</u>											
COVID-19 Relief Fund	I	21.019	2020-CS-01-33989	03/01/20 - 10/30/20	177,917	177,917	12,283	165,634	165,634	-	-
<u>Passed Through the County of Lancaster</u>											
COVID-19 Relief Fund	I	21.019	N/A	03/01/20 - 12/30/20	109,640	109,640	6,646	102,994	102,994	-	-
Total CFDA #21.019						287,557	18,929	268,628	268,628	-	-
Total U.S. Department of Treasury						287,557	18,929	268,628	268,628	-	-
<u>U.S. Department of Health and Human Services</u>											
<u>Passed Through the Pennsylvania Department of Welfare</u>											
Medical Assistance Program - Administration	I	93.778	N/A	07/01/19 - 06/30/20	N/A	13,005	13,005	-	-	-	-
Medical Assistance Program - Administration	I	93.778	N/A	07/01/20 - 06/30/21	N/A	10,014	-	24,458	24,458	14,444	-
Total CFDA #93.778						23,019	13,005	24,458	24,458	14,444	-
Total U.S. Department of Health and Human Services						23,019	13,005	24,458	24,458	14,444	-
<u>U.S. Department of Agriculture</u>											
<u>Passed-Through the Pennsylvania Department of Education</u>											
State Matching Share - Breakfast	S	N/A	N/A	07/01/20 - 06/30/21	N/A	1,885	-	1,885	1,885	-	-
State Matching Share - Lunch	S	N/A	N/A	07/01/20 - 06/30/21	N/A	3,757	-	3,757	3,757	-	-
Summer Food Program	I	10.559	N/A	07/01/20 - 06/30/21	N/A	308,093	-	322,095	322,095	14,002	-
Breakfast Program	I	10.553	N/A	07/01/20 - 06/30/21	N/A	42,592	-	42,592	42,592	-	-
National School Lunch Program	I	10.555	N/A	07/01/20 - 06/30/21	N/A	102,377	-	102,377	102,377	-	-
<u>Passed-Through the Pennsylvania Department of Agriculture</u>											
National School Lunch Program	I	10.555	N/A	07/01/20 - 06/30/21	N/A	66,162	(4,959)	64,985	64,985	(6,136)	-
Total CFDA #10.555						168,539	(4,959)	167,362	167,362	(6,136)	-
Total U.S. Department of Agriculture						524,866	(4,959)	537,691	537,691	7,866	-

Continued on next page

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Passed Through to Subrecipients</u>
Total Federal Awards and Certain State Grants						<u>\$ 2,223,290</u>	<u>\$ (28,309)</u>	<u>\$ 2,686,105</u>	<u>\$ 2,686,105</u>	<u>\$ 434,506</u>	<u>\$ -</u>
Total Federal Awards						\$ 2,217,648	\$ (28,309)	\$ 2,680,463	\$ 2,680,463	\$ 434,506	\$ -
Total State Awards						<u>5,642</u>	<u>-</u>	<u>5,642</u>	<u>5,642</u>	<u>-</u>	<u>-</u>
Total Federal Awards and Certain State Grants						<u>\$ 2,223,290</u>	<u>\$ (28,309)</u>	<u>\$ 2,686,105</u>	<u>\$ 2,686,105</u>	<u>\$ 434,506</u>	<u>\$ -</u>
Special Education Cluster (IDEA) (CFDA's #84.027 and #84.173)						<u>\$ 97,006</u>	<u>\$ 2,057</u>	<u>\$ 414,508</u>	<u>\$ 414,508</u>	<u>\$ 319,559</u>	<u>-</u>
Child Nutrition Cluster (CFDA's #10.553 and #10.555)						<u>\$ 519,224</u>	<u>\$ (4,959)</u>	<u>\$ 532,049</u>	<u>\$ 532,049</u>	<u>\$ 7,866</u>	<u>\$ -</u>

Source Codes

D - Direct Funding

I - Indirect Funding

S - State Funding

COLUMBIA BOROUGH SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

June 30, 2021

(1) FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards and Certain State Grants reflects federal expenditures for all individual grants which were active during the fiscal year. Additionally, the Schedule reflects expenditures for certain state grants.

(2) BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

(3) NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards and Certain State Grants under CFDA #10.555 USDA Commodities represent federal surplus food consumed by the District during the 2020-2021 fiscal year.

(4) ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2021 was \$37,395.

(5) INDIRECT COSTS

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

COLUMBIA BOROUGH SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2021

There were no audit findings for the year ended June 30, 2020.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of School Directors
Columbia Borough School District
Columbia, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbia Borough School District, Columbia, Pennsylvania, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Columbia Borough School District's basic financial statements, and have issued our report thereon dated March 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Columbia Borough School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Columbia Borough School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Columbia Borough School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbia Borough School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BBD, LLP

**Philadelphia, Pennsylvania
March 8, 2022**



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**Board of School Directors
Columbia Borough School District
Columbia, Pennsylvania**

Report on Compliance for Each Major Federal Program

We have audited Columbia Borough School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Columbia Borough School District's major federal programs for the year ended June 30, 2021. Columbia Borough School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Columbia Borough School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("**Uniform Guidance**"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Columbia Borough School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Columbia Borough School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Columbia Borough School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Columbia Borough School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Columbia Borough School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Columbia Borough School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BBD, LLP

**Philadelphia, Pennsylvania
March 8, 2022**

COLUMBIA BOROUGH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2021

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Columbia Borough School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of Columbia Borough School District are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Columbia Borough School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Columbia Borough School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program was:

 Title I – CFDA Number 84.010
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Columbia Borough School District did qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None